

ATTACHMENT B

California Environmental Protection Agency
AIR RESOURCES BOARD

PROPOSED SECOND 15-DAY MODIFICATIONS

CALIFORNIA EXHAUST EMISSION STANDARDS AND TEST PROCEDURES FOR 2018 AND SUBSEQUENT MODEL ZERO-EMISSION VEHICLES AND HYBRID ELECTRIC VEHICLES, IN THE PASSENGER CAR, LIGHT-DUTY TRUCK AND MEDIUM-DUTY VEHICLE CLASSES

Amended: March 22, 2012
Amended: December 6, 2012
Amended: May 30, 2014
Amended: [insert amendment date]

[NOTE: Set forth below are proposed amendments to California Exhaust Emission Standards and Test Procedures for 2018 and Subsequent Model Zero-Emission Vehicles and Hybrid Electric Vehicles, in the Passenger Car, Light-Duty Truck, and Medium-Duty Vehicle Classes. Amendments to existing sections proposed and subject to comment in this rulemaking are shown in underline to indicate additions and ~~strikeout~~ to indicate deletions, compared to the preexisting regulatory language. The further proposed amendments subject to comment are shown in double underline to indicate additions and ~~double-strikeout~~ to show deletions. All other portions remain unchanged and are indicated by the symbol “* * * *” for reference.]

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Date of Hearing: October 23, 2014 and May 21, 2015
Date of First 15-Day notice period: April 20, 2015
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B. Definitions and Terminology.

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1. Definitions.

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In addition to the following, these test procedures incorporate by reference the definitions and abbreviations set forth in the Title 40 Code of Federal Regulations (CFR) §86.1803-01, the definitions and abbreviations set forth in the LDV/MDV TPs, and the definitions set forth in section 1900, title 13, CCR.

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“Transitional Zero Emission Vehicle” or “TZEV” means a ~~PZEV~~vehicle that meets all the criteria of subdivision C.3.2 and qualifies for ~~has~~ an allowance in subdivision C.3.3(a) and (e) of 1.0 or greater, and makes use of a ZEV fuel.

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C. Zero-Emission Vehicle Standards.

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4. Qualification for ZEV Multipliers and Credits.

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4.5 Credits for 2018 and Subsequent Model Years.

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(e)

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(42) Optional Section 177 State Compliance Path.

(C) Reduced ZEV and TZEV Percentages for Large Volume Manufacturers. Large volume manufacturers ~~and intermediate volume manufacturers~~ that have fully complied with the optional Section 177 state compliance path requirements in subdivision 1962.1(d)(5)(E)3. are allowed to meet ZEV percentage requirements and optional TZEV percentages reduced from the minimum ZEV floor percentages and TZEV percentages in subdivision C.2.2(e) in each Section 177 state

equal to the following percentages of their sales volume determined under subdivision 1962.2(b)(1)(B):

ZEVs

Model Year	2018	2019	2020	2021
Existing Minimum ZEV Floor	2.00%	4.00%	6.00%	8.00%
Section 177 State Adjustment for Optional Compliance Path	62.5%	75%	87.5%	100%
Minimum Section 177 State ZEV Requirement	1.25%	3.00%	5.25%	8.00%

TZEVs

Model Year	2018	2019	2020	2021
Existing TZEV Percentage	2.50%	3.00%	3.50%	4.00%
Section 177 State Adjustment for Optional Compliance Path	90.00%	100%	100%	100%
New Section 177 State TZEV Percentage	2.25%	3.00%	3.50%	4.00%

Total Percent Requirement

Model Year	2018	2019	2020	2021
New Total Section 177 State Optional Requirements ⁴	3.50%	6.00%	8.75%	12.00%

⁴ ~~Intermediate volume manufacturers may meet these new total Section 177 State optional requirements entirely with TZEV credits.~~

4j. *Trading and Transferring ZEV and TZEV Credits within West Region Pool and East Region Pool.* Manufacturers that have fully complied with the optional Section 177 state compliance path requirements in subdivision 1962.1(d)(5)(E)3. may trade or transfer 2012 and subsequent model year ZEV and TZEV credits within the West Region pool to meet the requirements in subdivision C.4.5(e)(42)(AC) and will incur no premium on their credit values. For example, for a manufacturer to make up a 2019 model year shortfall of 100 credits in State X, the manufacturer may transfer 100 (2012 through 2019 model year) ZEV credits from State Y, within the West Region pool. Manufacturers that have fully complied with the optional Section 177 state compliance path requirements in subdivision 1962.1(d)(5)(E)3. may trade or transfer 2012 and subsequent model year ZEV and TZEV credits within the

East Region pool to meet the ~~same model year~~ requirements in subdivision C.4.5(e)(42)(AC), and will incur no premium on their credit values. For example, for a manufacturer to make up a 2019 model year shortfall of 100 credits in State W, the manufacturer may transfer 100 (2012 through 2019 model year) ZEV credits from State Z, within the East Region pool.

2ii. *Trading and Transferring ZEV and TZEZ Credits between the West Region Pool and the East Region Pool.* Manufacturers that have fully complied with the optional Section 177 state compliance path requirements in subdivision 1962.1(d)(5)(E)3. may trade or transfer 2012 and subsequent model year ZEV and TZEZ credits to meet the ~~same model year~~ requirements in subdivision C.4.5(e)(42)(AC) between the West Region pool and the East Region pool; however, any credits traded will incur a premium of 30% of their value. For example, in order for a manufacturer to make up a 2019 model year shortfall of 100 credits in the West Region Pool, the manufacturer may transfer 130 (2012 through 2019 model year) credits from the East Region Pool. No credits may be traded or transferred to the East Region pool or West Region pool from a manufacturer's California ZEV bank, or from the East Region pool or West Region pool to a manufacturer's California ZEV bank.

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(DF) *Failure to Meet Optional Section 177 State Compliance Path Requirements.* A large volume manufacturer that elects the optional Section 177 state compliance path subdivision under 1962.1(d)(5)(E)3. and does not meet the modified percentages in subdivision C.4.5(e)(42)(AC) in a model year or make up their deficit within the specified time and with the specified credits allowed by subdivision C.7.7(a) in all Section 177 states of the applicable pool, shall be treated as subject to the total ZEV percentage requirements in section C.2 for all future model years in each Section 177 state, and—the pooling provisions in subdivision C.4.5(e)(42)(AC) shall not apply. Any future transfers of ZEV or TZEZ credits between Section 177 states will be prohibited.

An intermediate volume manufacturer that elects the optional Section 177 state compliance path under subdivision 1962.1(d)(5)(E)3. or subdivision C.4.5(e)(2) but delivers fewer ZEVs than required under subdivision C.4.5(e)(2)(A) shall make up the deficit by the end of the second model year in which the manufacturer is complying as an large volume manufacturer. For example, an intermediate volume manufacturer that becomes subject to large volume manufacturer requirements in 2019 model year must deliver the number of ZEVs required by subdivision C.4.5(e)(2)(A) by June 30, 2021.

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The pooling provisions in subdivision C.4.5(e)(2)(A)(B)i. and ii. shall not apply to an intermediate volume manufacturer that fails to provide the required amount of ZEVs under subdivision C.4.5(e)(2)(A). In that case, any future transfers of ZEV or TZEV credits within or between Section 177 states will be prohibited.

Penalties shall be calculated separately by each Section 177 state where a manufacturer fails to make up the ZEV deficits within the specified time and with the credits allowed by subdivision C.7.7(a).

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Note: Authority cited: Sections 39600, 39601, 43013, 43018, 43101, 43104 and 43105, Health and Safety Code. Reference: Sections 38562, 39002, 39003, 39667, 43000, 43009.5, 43013, 43018, 43018.5, 43100, 43101, 43101.5, 43102, 43104, 43105, 43106, 43107, 43204 and 43205.5, Health and Safety Code.